

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Revenue	179,759	158,477	504,429	474,108
Cost of sales	(157,607)	(121,359)	(409,723)	(340,460)
<b>Gross profit</b>	22,152	37,118	94,706	133,648
Operating expenses	(45,562)	(36,376)	(119,485)	(103,413)
Other operating income	4,729	4,622	16,183	3,844
<b>Operating (loss)/profit</b>	(18,681)	5,364	(8,596)	34,079
Interest income	383	327	792	926
Finance costs	(7,946)	(4,685)	(23,288)	(10,852)
<b>(Loss)/Profit before taxation</b>	(26,244)	1,006	(31,092)	24,153
Taxation	7,347	(751)	8,209	(6,680)
<b>(Loss)/Profit for the period attributable to owners of the Company</b>	(18,897)	255	(22,883)	17,473
<b>(Loss)/Earnings per ordinary share (sen):-</b>				
(a) Basic	(3.94)	0.05	(4.78)	3.65
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

**HUME INDUSTRIES BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2018 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
<b>(Loss)/Profit for the period</b>	(18,897)	255	(22,883)	17,473
Foreign currency translation differences for foreign operations	(9)	(13)	(42)	6
<b>Total comprehensive (loss)/income for the period</b>	<b>(18,906)</b>	<b>242</b>	<b>(22,925)</b>	<b>17,479</b>

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT**  
**31 MARCH 2018**

	As at end of current quarter 31/03/2018 RM'000	As at end of preceding financial year 30/06/2017 RM'000
<b>ASSETS</b>		
Property, plant and equipment	1,077,842	1,120,489
Deferred tax assets	11,879	11,783
Tax credit receivables	156,146	156,146
<b>Total non-current assets</b>	<u>1,245,867</u>	<u>1,288,418</u>
Inventories	77,880	87,716
Trade and other receivables	98,654	86,134
Current tax assets	4,451	1,522
Cash and cash equivalents	41,612	102,193
<b>Total current assets</b>	<u>222,597</u>	<u>277,565</u>
<b>TOTAL ASSETS</b>	<u>1,468,464</u>	<u>1,565,983</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	479,094	479,094
Reserves	(56,930)	(34,005)
<b>TOTAL EQUITY</b>	<u>422,164</u>	<u>445,089</u>
<b>LIABILITIES</b>		
Borrowings	234,505	354,594
Deferred tax liabilities	60,682	65,940
Deferred income	126,787	132,673
Employee benefits	520	527
<b>Total non-current liabilities</b>	<u>422,494</u>	<u>553,734</u>
Trade and other payables	121,733	152,029
Borrowings	494,233	407,314
Deferred income	7,840	7,817
<b>Total current liabilities</b>	<u>623,806</u>	<u>567,160</u>
<b>TOTAL LIABILITIES</b>	<u>1,046,300</u>	<u>1,120,894</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,468,464</u>	<u>1,565,983</u>
Net assets per share attributable to owners of the Company (RM)	0.88	0.93

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD**  
**ENDED 31 MARCH 2018**

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 31 March 2018</b>				
At 1 July 2017	479,094	61	(34,066)	445,089
Loss for the period	-	-	(22,883)	(22,883)
Other comprehensive income – foreign currency translation difference	-	(42)	-	(42)
Total comprehensive loss for the period	-	(42)	(22,883)	(22,925)
At 31 March 2018	479,094	19	(56,949)	422,164
<b>Preceding year corresponding period ended 31 March 2017</b>				
At 1 July 2016	479,094	64	(43,200)	435,958
Profit for the period	-	-	17,473	17,473
Other comprehensive income – foreign currency translation difference	-	6	-	6
Total comprehensive income for the period	-	6	17,473	17,479
At 31 March 2017	479,094	70	(25,727)	453,437

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 MARCH 2018**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2018 RM'000	31/03/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(31,092)	24,153
Adjustments for:-		
Depreciation and amortisation	50,302	31,217
Non cash items	(7,506)	5,793
Dividend income	(440)	(1,470)
Net financing costs	22,496	9,926
Operating profit before changes in working capital	33,760	69,619
Changes in working capital		
Net change in current assets	(2,461)	(17,118)
Net change in current liabilities	(30,373)	(33,097)
Taxation paid	(69)	(627)
Net financing costs paid	(22,496)	(9,926)
Dividend received	440	1,470
<b>Net cash (used in)/ generated from operating activities</b>	<b>(21,199)</b>	<b>10,321</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(9,575)	(23,748)
Proceeds from disposal of property, plant and equipment	673	16
<b>Net cash used in investing activities</b>	<b>(8,902)</b>	<b>(23,732)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	609,933	589,146
Repayments of borrowings	(640,371)	(709,404)
<b>Net cash used in financing activities</b>	<b>(30,438)</b>	<b>(120,258)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(60,539)</b>	<b>(133,669)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>102,193</b>	<b>172,747</b>
<b>EFFECT ON FOREIGN EXCHANGE</b>	<b>(42)</b>	<b>6</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>41,612</b>	<b>39,084</b>

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:

	31/03/2018 RM'000	31/03/2017 RM'000
Deposits, cash and bank balances	41,612	39,084

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards 134 “Interim Financial Reporting” and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2017. This interim financial report also complies with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2017 except for the adoption of MFRS 9 Financial Instruments on 1 July 2017. The adoption of MFRS 9 does not have any material impact on the financial statements of the Group except for the following:

- **Classification of financial assets and financial liabilities**

Equity investments held by the Group were previously classified as fair value through profit or loss and available for sale where the fair value gains or losses were recognised in the profit or loss and other comprehensive income respectively. The fair value gain or loss recognised in other comprehensive income was recycled to profit or loss upon disposal of the financial asset. In accordance with MFRS 9, the Group’s equity investments are measured at fair value, and the Group elected to recognise the fair value gain or loss in the other comprehensive income. Such fair value gain or loss is not permitted to be recycled to profit or loss upon disposal of the equity instrument.

The Group has also adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2017 where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

**2. Qualification of audit report of the preceding annual financial statements**

The audit report for the preceding annual financial statements was not qualified.

**3. Seasonality or cyclicity of interim operations**

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.

**4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

**5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in prior financial years.

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6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance of shares, share buy-back, share cancellations, resale of treasury shares or repayments of debt or equity securities during the quarter under review and financial year-to-date.

7. **Dividend**

There were no dividend paid during the quarter under review and financial year-to-date.

8. **Operating Segments**

The Group's segmental report for the financial year-to-date is as follows: -

	<b>Construction Materials RM'000</b>
Reportable segment loss	<u>(6,151)</u>

Included in the measure of segment losses are:

Revenue from external customers	493,347
Depreciation and amortisation	<u>50,090</u>

**Reconciliation of reportable segment loss**

**Loss**

Reportable segment	(6,151)
Non-reportable segments	(2,445)
Interest income	792
Finance costs	<u>(23,288)</u>
Consolidated loss before taxation	<u>(31,092)</u>

	<b>External Revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segment	493,347	50,090
Non-reportable segment	11,082	212
<b>Total</b>	<u>504,429</u>	<u>50,302</u>

9. **Material events not reflected in the financial statements**

There are no material subsequent events to be disclosed as at the date of this report.

10. **Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations other than as mentioned below:

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**10. Changes in the composition of the Group (cont'd)**

Flynex Sdn Bhd (formerly known as Hume Concrete Marketing Sdn Bhd) ["Flynex"], an indirect wholly-owned subsidiary of the Company, had been placed under member's voluntary liquidation. The liquidation is currently pending tax clearance from the Inland Revenue Board and final meeting to be convened.

**11. Review of performance**

For the quarter under review, the Group recorded revenue of RM179.8 million and loss before taxation ("LBT") of RM26.2 million as compared with revenue and profit before taxation ("PBT") of RM158.5 million and RM1.0 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2017 ("FY 2017"). For the financial year-to-date, the Group recorded revenue of RM504.4 million and LBT of RM31.1 million respectively as compared with revenue and PBT of RM474.1 million and RM24.2 million for the corresponding period of FY 2017.

The higher revenue recorded for the quarter under review / financial year-to-date was as a result of higher sales volume. However, the decline in PBT was mainly due to lower selling price.

**12. Material changes in PBT against the immediate preceding quarter**

The Group recorded a LBT of RM26.2 million for the quarter under review as compared with a LBT of RM5.4 million for the preceding quarter. The increase in the LBT for the quarter under review was mainly attributable to lower selling price.

**13. Prospects**

The business environment is expected to remain challenging in this financial year ending 30 June 2018. Moving forward, the Board believes that the demand for cement and concrete products will improve in tandem with the implementation of major infrastructure projects in the country.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

**15. Loss before taxation**

	Current Year Quarter	Current Year To-date
	31/03/2018 RM'000	31/03/2018 RM'000
Loss before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(155)	(440)
Depreciation and amortisation	16,768	50,302
(Reversal of)/Impairment and write off of trade receivables	(217)	3
Write back of inventories	(618)	(687)
Gain on foreign exchange	(514)	(1,905)
Fair value gain on derivatives	(181)	(143)
Gain on disposal of property, plant and equipment	-	(182)
Impairment of property, plant and equipment	-	-



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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
Current taxation				
Malaysian - current year	(858)	(1,009)	(2,860)	(1,056)
- prior year	-	1	-	2
	(858)	(1,008)	(2,860)	(1,054)
Deferred taxation				
Malaysian - current year	(6,489)	1,665	(5,349)	7,559
- prior year	-	94	-	175
	(6,489)	1,759	(5,349)	7,734
	(7,347)	751	(8,209)	6,680

17. **Corporate proposals**

There are no corporate proposals announced but not completed as at the date of this report.

18. **Group's borrowings and debt securities**

Particulars of the Group's borrowings and debt securities as at 31 March 2018 are as follows:-

	<b>RM'000</b>
Unsecured short term borrowings	494,233
Unsecured long term borrowings	234,505
	<u>728,738</u>

The above include borrowings denominated in foreign currencies as follows:-

	<b>RM'000</b>
USD	<u>25,364</u>

The Group's borrowings have decreased due to repayment of term loan and other bank borrowings.

19. **Changes in material litigation**

There are no material litigations as at the date of this report.

20. **Dividend**

(a) The Board does not recommend any interim dividend for the quarter ended 31 March 2017 of the financial year ending 30 June 2018 (3rd quarter 2016/2017: single tier dividend of 2.0 sen per share).

(b) For the financial year-to-date, no dividend has been declared (2016/2017: single tier dividend of 2.0 sen per share).

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21. **(Loss)/Earnings Per Ordinary Share**

(a) Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to owners of the Company of RM18,897,000 (3<sup>rd</sup> quarter 2016/2017: profit attributable to owners of the Company of RM255,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (3<sup>rd</sup> quarter 2016/2017: 479,093,800).

The basic (loss)/earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM22,883,000 (2016/2017: profit attributable to owners of the Company of RM17,473,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2016/2017: 479,093,800).

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year-to-date and preceding year corresponding quarter / period as there were no dilutive potential ordinary shares.

22. **Derivatives**

The Group uses forward foreign exchange contracts and interest rate swap contracts to manage its exposure to various financial risks.

(a) Forward foreign exchange contracts

The Group has entered into a number of forward foreign exchange contracts by a subsidiary to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 March 2018, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	11,657	(89)

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**22. Derivatives (cont'd)**

**(b) Interest rate swap contracts**

The Group has entered into interest rate swap contracts by a subsidiary to convert floating rate liabilities to fixed rate liabilities to mitigate the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The differences between the floating rate and fixed rate calculated by reference to the agreed notional contract principal amounts were exchanged at periodic intervals.

As at 31 March 2018, the contract amount, fair value and maturity tenor of the interest rate swap contracts are as follows:

	<b>Contract Amount</b>	<b>Fair Value Assets / (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	<u>100,000</u>	<u>182</u>

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Net gain/loss arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2017.

**23. Gains/losses arising from fair value changes of financial liabilities**

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board  
Hume Industries Berhad

Joanne Leong Wei Yin  
Valerie Mak Mew Chan  
Company Secretaries

Kuala Lumpur  
30 April 2018